

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF CALIFORNIA

FUJITSU LIMITED, a Japanese  
corporation, and FUJITSU  
MICROELECTRONICS AMERICA, INC., a  
California corporation,

Plaintiffs,

v.

NANYA TECHNOLOGY CORP., a Taiwanese  
corporation, and NANYA TECHNOLOGY  
CORP., U.S.A., a California  
corporation,

Defendants.

No. C 06-6613 CW

ORDER GRANTING  
FUJITSU'S MOTION TO  
DISMISS KLA-TENCOR'S  
COMPLAINT

Fujitsu Limited and Fujitsu Microelectronics America, Inc.  
move to dismiss the claims brought against them by KLA-Tencor Corp.  
KLA opposes the motion. The matter was heard on August 7, 2008.  
Having considered oral argument and all of the papers submitted by  
the parties, the Court grants Fujitsu's motion.

BACKGROUND

On September 13, 2006, Nanya Technology Corp. filed a lawsuit  
against Fujitsu in the District of Guam alleging antitrust

1 violations and infringement of three of Nanya's patents, and  
2 seeking a declaration that it did not infringe any of fifteen of  
3 Fujitsu's patents. A month later, Fujitsu filed suit against Nanya  
4 in this Court alleging infringement of five patents, all of which  
5 were among the fifteen patents in the Guam action. The Guam case  
6 was eventually transferred to the Northern District of California  
7 and consolidated with Fujitsu's case against Nanya.

8 Among the patents Nanya is accused of infringing is U.S.  
9 Patent No. 6,104,486 (the '486 patent). This patent claims a  
10 method of measuring the lateral size of features on a semiconductor  
11 substrate using a technique called ellipsometry. Using the method,  
12 it is possible to measure very small features with a high degree of  
13 accuracy.

14 Fujitsu accuses Nanya of infringing the '486 patent in the  
15 course of manufacturing dynamic random access memory by using a  
16 device manufactured by KLA, the SpectraCD. The SpectraCD includes  
17 an ellipsometer, but Fujitsu does not, at the present time, contend  
18 that KLA's sale of the SpectraCD infringes the '486 patent. This  
19 is ostensibly because the SpectraCD may be used in a number of ways  
20 that Fujitsu admits, based on its current knowledge, do not  
21 infringe the patent.

22 In January, 2008, Nanya filed a third-party complaint against  
23 KLA seeking indemnification for any damages Fujitsu is awarded for  
24 Nanya's infringement of the '486 patent. In March, 2008, KLA filed  
25 a new lawsuit against Fujitsu in the Northern District of  
26 California, seeking a declaration that it does not infringe the  
27 '486 patent and that the patent is invalid. The new action was  
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1 consolidated with the present one. Fujitsu now moves to dismiss  
2 KLA's claims, arguing that the Court lacks subject matter  
3 jurisdiction over them because there is no case or controversy  
4 between KLA and Fujitsu. In the alternative, Fujitsu moves for a  
5 more definite statement.

#### 6 LEGAL STANDARD

7 Subject matter jurisdiction is a threshold issue which goes to  
8 the power of the court to hear the case. Federal subject matter  
9 jurisdiction must exist at the time the action is commenced.  
10 Morongo Band of Mission Indians v. Cal. State Bd. of Equalization,  
11 858 F.2d 1376, 1380 (9th Cir. 1988). A federal court is presumed  
12 to lack subject matter jurisdiction until the contrary  
13 affirmatively appears. Stock W., Inc. v. Confederated Tribes, 873  
14 F.2d 1221, 1225 (9th Cir. 1989).

15 Dismissal is appropriate under Rule 12(b)(1) when the district  
16 court lacks subject matter jurisdiction over the claim. Fed. R.  
17 Civ. P. 12(b)(1). A Rule 12(b)(1) motion may either attack the  
18 sufficiency of the pleadings to establish federal jurisdiction, or  
19 allege an actual lack of jurisdiction which exists despite the  
20 formal sufficiency of the complaint. Thornhill Publ'g Co. v. Gen.  
21 Tel. & Elecs. Corp., 594 F.2d 730, 733 (9th Cir. 1979); Roberts v.  
22 Corrothers, 812 F.2d 1173, 1177 (9th Cir. 1987).

#### 23 DISCUSSION

24 The Declaratory Judgment Act, in accordance with Article III  
25 of the Constitution, requires an "actual controversy" before the  
26 Court "may declare the rights and other legal relations of any  
27 interested party seeking such declaration." 28 U.S.C. § 2201(a).

1 Until relatively recently, the Federal Circuit required that, in  
2 order to prove an actual controversy, a plaintiff had to establish  
3 that the defendant's conduct created an objectively "reasonable  
4 apprehension" that the defendant would initiate suit imminently if  
5 the plaintiff continued the allegedly infringing activity. See  
6 Teva Pharms. USA, Inc. v. Novartis Pharms. Corp., 482 F.3d 1330,  
7 1334-36 (Fed. Cir. 2007).

8 In MedImmune, Inc. v. Genentech, Inc., 549 U.S. 118, 127 S.  
9 Ct. 764 (2007), however, the Supreme Court noted that the Federal  
10 Circuit's "reasonable apprehension of imminent suit" test  
11 conflicted with several cases in which the Supreme Court had found  
12 that a declaratory judgment plaintiff had a justiciable  
13 controversy. 127 S. Ct. at 774 n.11. The Supreme Court instructed  
14 that, although there is no bright-line rule for distinguishing  
15 cases that satisfy the actual controversy requirement from those  
16 that do not, all that is required is:

17 that the dispute be definite and concrete, touching the  
18 legal relations of parties having adverse legal  
19 interests; and that it be real and substantial and admit  
20 of specific relief through a decree of a conclusive  
21 character, as distinguished from an opinion advising what  
22 the law would be upon a hypothetical state of facts.  
23 . . . Basically, the question in each case is whether the  
24 facts alleged, under all the circumstances, show that  
25 there is a substantial controversy, between parties  
26 having adverse legal interests, of sufficient immediacy  
27 and reality to warrant the issuance of a declaratory  
28 judgment.

Id. at 771 (citations and internal quotation marks omitted).

Following MedImmune, the Federal Circuit recognized that the  
Supreme Court did not approve of its reasonable apprehension of  
imminent suit test. SanDisk Corp. v. STMicroelectronics, Inc., 480

1 F.3d 1372, 1380 (Fed. Cir. 2007); Teva, 482 F.3d at 1340. The  
2 Federal Circuit discarded its "reasonable apprehension" requirement  
3 and adopted MedImmune's "all circumstances" test. Teva, 482 F.3d  
4 at 1339 ("[W]e follow MedImmune's teaching to look at 'all the  
5 circumstances' . . . to determine whether Teva has a justiciable  
6 Article III controversy."). Under the new test, "Article III  
7 jurisdiction may be met where the patentee takes a position that  
8 puts the declaratory judgment plaintiff in the position of either  
9 pursuing arguably illegal behavior or abandoning that which he  
10 claims a right to do." SanDisk, 480 F.3d at 1381. As one district  
11 court has noted, this change in the law with respect to the now-  
12 defunct "reasonable apprehension" requirement has "in effect  
13 lower[ed] the bar for a plaintiff to bring a declaratory judgment  
14 action in a patent dispute." Frederick Goldman, Inc. v. West, 2007  
15 WL 1989291, at \*3 (S.D.N.Y.).

16 Fujitsu contends that, even under the Federal Circuit's  
17 revised standard, there is no actual controversy between it and  
18 KLA, and, therefore, the Court does not have jurisdiction over  
19 KLA's declaratory judgment claims. It is significant that Fujitsu  
20 has never accused KLA itself of infringing the '486 patent.  
21 Rather, Fujitsu accuses Nanya of using the SpectraCD device in a  
22 way that infringes the patent. Because the '486 patent is a method  
23 patent whereas the SpectraCD is a product, the fact that Nanya  
24 might infringe the patent by using the SpectraCD in a particular  
25 way does not necessarily imply that KLA's sale of the SpectraCD to  
26 Nanya likewise infringes; the parties agree that the SpectraCD has  
27 substantial non-infringing uses. Nor has Fujitsu accused KLA of  
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1 inducing Nanya to infringe the '486 patent. Thus, while there is a  
2 controversy between Fujitsu and Nanya, there is no controversy  
3 between Fujitsu and KLA.

4 It is true that, under some circumstances, a declaratory  
5 judgment defendant's litigation against the customers of the  
6 declaratory judgment plaintiff can support a finding that a  
7 controversy exists between the parties, particularly where the  
8 plaintiff has an obligation to indemnify its customers. See WS  
9 Packaging Group, Inc. v. Global Commerce Group, LLC, 505 F. Supp.  
10 2d 561, 566 (E.D. Wis. 2007). However, in every case cited by KLA  
11 finding a controversy under such circumstances, the defendant  
12 asserted infringement claims against the plaintiff's customers  
13 based on facts which, if the customer's infringement were proven,  
14 would compel the conclusion that the plaintiff itself had also  
15 infringed. This is not the case here. Although KLA posits that  
16 Fujitsu's theory of infringement is based on Nanya's use of the  
17 SpectraCD in accordance with KLA's instructions, KLA has not made a  
18 sufficient showing that a finding of infringement on Nanya's part  
19 would necessarily imply that KLA induced Nanya's infringement. In  
20 addition, although KLA maintains that a controversy exists by  
21 virtue of Fujitsu's alleged strategy of indirectly attacking KLA by  
22 suing its customers, it has not shown that infringement suits by  
23 Fujitsu threaten a significant portion of its SpectraCD business or  
24 that its customers generally are at risk of being accused of  
25 infringing simply by using the SpectraCD. Moreover, granting KLA's  
26 request for a declaration of non-infringement would not necessarily  
27 prevent Fujitsu from employing its alleged strategy in the future;

1 a declaration that KLA itself does not infringe the '486 patent  
2 through its sale of the SpectraCD would not preclude a lawsuit  
3 charging KLA's customers with infringing the patent through their  
4 use of the SpectraCD.

5 Finally, in its answer to Nanya's third-party complaint for  
6 indemnity, KLA asserts as affirmative defenses that it does not  
7 infringe the '486 patent and that the patent is invalid. Thus, KLA  
8 will have an opportunity to litigate the issues raised in its  
9 declaratory judgment complaint to the extent necessary to protect  
10 its interests.

11 The Court concludes that, considering the totality of the  
12 circumstances, no substantial controversy exists between KLA and  
13 Fujitsu. Accordingly, the Court lacks jurisdiction over KLA's  
14 complaint for a declaratory judgment.

15 CONCLUSION

16 For the foregoing reasons, the Court GRANTS Fujitsu's motion  
17 to dismiss KLA's complaint. The complaint is dismissed without  
18 prejudice. The parties shall bear their own costs.

19 IT IS SO ORDERED.

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21  
22 Dated: 8/12/08



23 CLAUDIA WILKEN  
24 United States District Judge  
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